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STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES

P. O. BOX 119
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January 8, 1987

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COMPTROLLER
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DEPUTY COMPTROLLER

COMPTROLLER'S MEMORANDUM NO. 1987-2

TO: Heads of Departments and Agencies
ATTN.: Payroll/Personnel Offices
FROM: Russel S. Nagata, Comptroller
SUBJECT: Requirement to File New Form W-4 for
Withholding Allowances

Among the many changes to Federal tax law made by the Tax Reform Act of 1986, there is a requirement that every employee must file a new Form W-4 (Employee's Withholding Allowance Certificate). The general purpose of this requirement is to help employees to have tax withheld in an amount that is close to the amount they will owe when they file their individual income tax returns.

Employees should therefore file a new Form W-4 as soon as possible, because the withholding tables under the new tax law are effective at the beginning of 1987. This memorandum is to provide information on the procedures established to accomplish the filing of the new forms.

- (1) Ordering new forms. Supplies of the new Form W-4 must be ordered from the Internal Revenue Service. Your department may handle its own order or may request inclusion in our statewide order being made by Central Payroll.
 - (a) If your department handles its own order, you may call the Internal Revenue Service at 541-1040; it is our understanding that the orders may be placed by telephone and that delivery will take about two weeks. The delivery address you use must be a street address, not a post office box address.

- (b) If your department would like to be included in our statewide order, we have targeted January 16, 1987 as the deadline for placing the order, so that delivery to us would be anticipated by January 30, 1987. Your department will be notified when delivery to us has been made; it will then be your department's responsibility to pick up the forms at a designated place in the Kalanimoku Building. The forms will be batched in total for your department and must be picked up in total at one time.

Please notify your payroll office to inform our Central Payroll office of your department's decision on the ordering options, to assure that Central Payroll has a single, firm response from your department. The deadline for response is January 15, 1987. Your staff may call either Mrs. Charlene Asato at 548-3167 or Mr. Earl Tanaka at 548-4204 with your department's response.

- (2) Orientation session. We are trying to arrange an orientation session at which an Internal Revenue Service representative would present the new forms and related instructions to payroll/personnel staffs of all departments. The form itself is accompanied by full instructions on how to complete the form; nevertheless, we think it would be helpful to have a presentation for those staffs in the departments most directly involved in processing the new forms. As plans for this orientation session are made firm, our Central Payroll staff will inform your payroll office, who in turn may inform any other staff in your department who should attend. (This arrangement recognizes that payroll and personnel functions are organized differently from department to department.)
- (3) Communications with employees. With the payrolls to be paid January 15, 1987, we are including the usual January notice to each employee regarding payroll tax changes for 1987. In that notice, a brief reference is being made to the requirement to file a new Form W-4, as follows:

". . . The Tax Reform Act of 1986 also requires all employees to file a new Form W-4 (Employee's Withholding Allowance Certificate). New forms have been ordered, and they will be distributed with instructions through your employing agency."

We are planning to include a follow-up insert to all employees as soon as forms are acquired and other arrangements completed. That insert will be more specific about the new filing requirement and will urge employees to complete the new filing as soon as possible. Later in 1987, if there appears to be a need to, we may include further reminders with the payrolls.

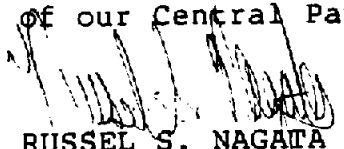
- (4) Action Required on October 1, 1987 deadline. For any employee who does not submit a new Form W-4 before October 1, 1987, your department must submit the employee's payrolls on the basis of one (1) withholding allowance if the employee is single, or on the basis of two (2) withholding allowances if the employee is married, with the marital status determined for this purpose by which box the employee checked on the most recent Form W-4 in your files. The number of withholding allowances may thereafter be changed by the employee only if the employee files with you a new Form W-4.
- (5) Date processing assistance. EDP Division of the Department of Budget and Finance has offered two areas of assistance to employing departments and agencies in their monitoring of compliance with the requirement for filing a new Form W-4.
 - (a) A listing of employees will be printed for each department. The listing is to be in Payroll Number/Alpha (employee name) sequence, and it will contain each employee's name, social security number, payroll-number/distribution-code, marital status, and number of Federal exemptions. This listing may be used by departments to monitor the submission of a new Form W-4 by each employee.

- (b) A punchcard is also being printed for each employee, for use by a department in monitoring the submission of a new Form W-4 by each employee. The card will contain the employee's name, social security number, payroll-number/distribution-code, and Federal-exemptions/marital-status. A department need not use these punchcards. If a department does wish to use the punchcards, it is suggested that, for each employee submitting the new Form W-4, the related punchcard be segregated and sent to Central Payroll on a schedule to be established. Central Payroll will in turn forward the punchcards to EDP Division for use in eliminating from an outstanding file those employees who have submitted the new form; EDP Division can then print again the list of remaining names for the department, which names should be those who have not yet submitted a new form.

Further information on these areas of assistance will be provided as procedural details are settled.

As mentioned earlier in this memorandum, our Central Payroll contacts with your department on this matter of filing new Forms W-4 will be made with your department's payroll office; if others in your department need additional information from Central Payroll, the questions should be channeled through your payroll office. We stress this point due to the potential for misunderstandings if communications are made with various non-payroll staff in a department. Within a particular department, it is the department's prerogative to accomplish the filing of the new forms under whatever arrangement best suits the department's internal organization.

Contacts from your payroll office staff on this matter should be made with Ms. Claire Araki (548-6736) or Mr. Richard Yamamoto (548-4246) of our Central Payroll staff.


RUSSEL S. NAGATA
Comptroller